

This is a follow-up to Committee comments/questions related to the Austin Convention Center Long-Range Master Plan (Plan) presentation that were not fully answered during the presentation.

1. How does the Austin Convention Center compare to other state capitals? (i.e., Sacramento, Indianapolis, etc.)

The consultants compared the Austin Convention Center to convention centers that we compete with on a regular basis (see pages 11-22 of Vol I of the Long-Range Master Plan). Those included:

- Henry B. Gonzales Convention Center, San Antonio, TX (HBGCC)
- George R. Brown Convention Center, Houston, TX (GRBCC)
- Gaylord Texan Resort & Convention Center, Grapevine, TX (GTRCC)
- Colorado Convention Center, Denver, CO (CCC)
- Music City Center, Nashville, TN (MCC)
- San Diego Convention Center, San Diego, CA (SDCC)

Square footage peer comparison includes:

| | HBGCC | GRBCC | GTRCC | CCC | MCC | SDCC | ACC* |
|-------------------------------|--|-----------|--------------------|-----------|---------|------------------------------------|---|
| Exhibit Space (sf) | 513,944 | 862,000 | 179,520 | 584,000 | 353,140 | 615,700 | 247,000 |
| Ballroom Space (sf) | 94,316 | 31,590 | 81,000 | 85,000 | 70,250 | 81,670 | 63,920 |
| Meeting Space (sf) | 114,133 | 101,943 | 42,000 | 100,000 | 81,350 | 96,110 | 55,800 |
| Year opened | 1968 | 1987 | 2004 | 1990 | 2013 | 1989 | 1992 |
| Expansion | Yes, twice before, with 3 rd currently underway | Yes, 2001 | No | Yes, 2005 | No | Yes, 2001 and currently considered | Yes, 1999 and currently considered |
| Citywide hotel room inventory | 45,031 | 77,768 | 79,329 (Dallas) | 42,530 | 38,288 | 60,629 | 33,000, growing to 36,000 by 2017 |
| 2015 Population | 1,327,407 | 2,099,451 | 1,197,816 (Dallas) | 600,158 | 530,852 | 1,307,402 | 790,390 |

*ACC – Austin Convention Center

Below is a chart of comparative information for select convention centers located in state capitals.

As it relates to the national convention and trade show market, based on our experience, whether or not a city is the state capital has very little bearing on the site selection process for a convention. Given the size of the state of Texas, and the strong State Association business, many of which favor meeting in legislative years, the Austin Convention Center is at an advantage, but does not compete with other state capitals for that business. However, as noted in the Plan, facility size and hotel availability are among the top 5 determining decision factors for site selection for many Austin Convention Center events. Therefore, convention centers located in state capitals that are either much larger (like Atlanta’s at 1.3 million sf of exhibit space) or much smaller (like Sacramento’s at 137,000 sf of exhibit space) are not considered competitors of the Austin Convention Center.

| | Atlanta GWCC | Indianapolis ICC | Phoenix PCC | Denver CCC | Nashville MCC | Sacramento | ACC |
|-------------------------------|---------------------------|-----------------------------|------------------------|-----------------------|--------------------------|-------------------|---|
| Exhibit Space (sf) | 1.3M | 566,600 | 612,000 | 584,000 | 353,140 | 137,000 | 247,000 |
| Ballroom Space (sf) | 168,517 | 62,173 | 188,800 | 85,000 | 70,250 | 25,000 | 63,920 |
| Meeting Space (sf) | 310,000 | 113,302 | 167,000 | 100,000 | 81,350 | 11,200 | 55,800 |
| Year opened | 1976 | 1972 | 1972 | 1990 | 2013 | 1973 | 1992 |
| Expansion | Yes, 1985, 1992, and 2002 | Yes, 2011 | Yes, 2006 and 2008 | Yes, 2005 | No | 1996 renovation | Yes, 1999 and currently considered |
| Citywide hotel room inventory | 92,256 | 31,040 | 61,943 | 42,530 | 38,288 | 11,000 | 33,000, growing to 36,000 by 2017 |
| 2015 Population | 420,003 | 829,718 | 1,445,632 | 600,158 | 530,852 | 466,488 | 790,390 |

2. Affordability issue – Downtown Hotel Rates.

Hotel rates are ultimately market-driven, and the downtown market has enjoyed both high occupancy and average room rates. The overall Austin market remains quite affordable, with the citywide average hotel room rate at \$135.77 (as of July 2015), giving families and visitors numerous economical options within the Austin city limits.

3. Stakeholder process – How will this expansion help people outside of downtown?

As discussed in the Plan, over the course of six months, the Gensler team's process included over 100 stakeholders representing the City, the business sector, industry leaders and professional organizations. The groups included representatives from City departments, key customers, the Hilton Austin, the Downtown Austin Alliance, and Capital Metro.

The convention and hospitality industry employs approximately 50,000 jobs. It is certainly likely that citizens employed in those jobs live in all 10 districts across the City. Expansion of the convention center will continue to grow that industry, resulting in even more jobs. The Austin Convention Center estimates an increase of at least 100 full-time positions related to the expansion, with additional temporary event-based positions as well. Choosing not to expand the convention center will ultimately result in a contracting market and likely lost jobs.

The visitor currently contributes an estimated \$30-35 million in sales tax revenue to the City's general fund. These funds are spent across all districts in the city per the budget passed by Council. As indicated in our presentation, the amount the visitor industry has contributed to the City's general fund has increased by an annual average of \$1.5 million since 2002. Expansion of the convention will continue to grow the visitor industry, bringing more in sales tax to the general fund. Choosing not to expand the convention center will ultimately result in a contracting market and likely decreased sales tax revenue to the general fund.

The consulting team led by Gensler analyzed the economic impact of the recommended expansion to hotel and Convention Center revenue. Volume II of the consultant's report estimates that an additional \$336 million in annual hotel revenue is expected by 2031 if the recommended expansion is completed, versus leaving the Austin Convention Center as is. The consultants estimate year 2031 as the stabilizing year after the expanded facility is in full operation. The consultants also estimate that the Austin Convention Center will see an increase of over \$17.7 million in combined facility revenue and Hotel Occupancy Tax collections if the recommended expansion is completed, versus leaving the Austin Convention Center as is, in that same stabilized year after completion.

Using the consultant's analysis, combined with the State's data used to estimate the convention and hospitality industry contribution to the City's general fund (via primarily sales tax from visitor spending), by the year of stabilization, it is estimated that the City will see an annual net increase of \$9.6 million in general fund revenue if the recommended expansion is completed, versus leaving the Austin Convention Center as is.